Manitoba

Annual Report
1985 - 86

Agriculture

The Manitoba Water Services Board

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Agriculture

The Manitoba Water
Services Board

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Brandon, Manitoba, CANADA
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The Honorable Bill Uruski
Minister of Agriculture

Sir:

I have the honor of presenting to you the Fourteenth Annual Report of The Manitoba Water Services Board for the fiscal year ending March 31, 1986, together with the financial statements of the Board for the same period.

Yours respectfully,

C.C. Cranston
Chairman
The Manitoba Water Services Board

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The Manitoba Water Services Board

Chairperson
C.C. Cranston
Assistant Deputy Minister
Farm and Rural Development
Manitoba Agriculture

Vice-Chairperson
T.E. Weber
Director
Water Resources Branch
Natural Resources

Members
N.E. Brandson
Director
Environmental Management
Environment and Workplace
Safety and Health

F.R. Dennis
Director
Advisory and Financial Services
Municipal Affairs

G. Jasper
Reeve
Rural Municipality of Sifton

The Manitoba Water Services Board

The Manitoba Water Services Board was established in July 1972 under The Manitoba Water Services Board Act to assist in the provision of water and sewage facilities to the residents of rural Manitoba. It replaced The Manitoba Water Supply Board, taking over all responsibilities of the former Board and continues to own and operate 37 water supply installations in the Province.

The Board is composed of representatives of the Departments of Agriculture, Natural Resources, Environment, and Municipal Affairs, and one citizen member. It reports to the Legislature through the Minister of Agriculture.

The amalgamation of The Manitoba Water Services Board and Agri-Water Branch of the Department of Agriculture was completed during the 1983/84 fiscal year. Effective April 1, 1984 all Agri-Water Branch staff and operating budget was transferred to The Manitoba Water Services Board. Since that date The Manitoba Water Services Board has delivered the Agri-Water activities on behalf of Manitoba Agriculture.

Objectives

The Manitoba Water Services Board has the following specific objectives as outlined in the Act:

a) The obtaining of supplies of potable water for domestic and other uses within the province, and the selling of water to municipalities and water districts.

b) The acquisition or construction and the operating and maintenance of all plants and works necessary for obtaining, collecting, storing, treating, purifying and transmitting water.

c) The transmission of water from a source of supply or a point of storage to a point of acceptance by a municipality or a water district either within or outside the municipality or water district.

d) The acquisition or construction and the operation and maintenance of works for the distribution of water.

e) The acquisition or construction and the operation and maintenance of works for the collection of sewage.

f) The acquisition or construction and the operation and maintenance of works for the treatment and disposal of sewage.

Activities carried out to meet the objectives under:

a) The Board operated 47 water treatment plants and sold potable water for domestic and other uses to various municipalities and water districts.

b) During the fiscal year 1985/86 the Board upgraded three water treatment plants.

b & c) There were 37 water treatment plants constructed by The Manitoba Water Supply Board prior to 1972. These are now operated by The Manitoba Water Services Board. The potable water produced is sold in bulk to the municipalities. In addition nine water treatment plants constructed by The Manitoba Water Services Board under cost-sharing agreements with the municipalities are operated at the request of the municipalities by The Manitoba Water Services Board with water sold in bulk to the municipalities.

d, e, & f) In 1985/86 water and sewage facilities for 11 municipalities were constructed and turned over to the respective municipalities for ownership and operation.

The Board can enter into agreements with any municipality which has become a "declared area" by order of the Lieutenant-Governor-in-Council, under Section 10 of the Act. Once an application is received and the Board has made the necessary physical and engineering investigations, received financial approval, an Offer is submitted to the municipality for the construction of new works, extensions, and/or improvements to existing works. The works may be owned and operated either by the Board or the Municipality.

After the municipality has received the necessary Municipal Board approvals and the Agreement has been executed, the Board enters into the necessary contracts for design and construction of the works.

The Board also enters into agreements with municipalities and non-profit water utilities (water

districts) for Agri-Water projects when requested. Total project management which includes engineering design approvals, tendering, contract administration and interim financing can be provided utilizing the same procedures followed by The Manitoba Water Services Board for larger municipal projects. Details of these agreements are given under Construction Agreements Submitted and Signed. The details regarding the nature of the total Agri-Water activities and provincial financial contribution is provided in Manitoba Agriculture's Annual Report.

The Manitoba Water Services Board Act requires the Board to fix rates for plants constructed prior to 1972, to recover costs pertaining to the services supplied, taking into account grants for rate stabilization provided by the Province of Manitoba. The rates set by the Board and approved by the Province are in accordance with tables maintained by the Board which indicate a return of full capital costs and operating deficits based on a 35 year operating life. For the year ending March 31, 1986, rate stabilization grants totalling $385,805 were paid in respect to the operation of 24 of the plants constructed under The Manitoba Water Services Board Act.

New agreements between The Manitoba Water Services Board and a municipality vary in length, however, an agreement is long enough to ensure a stable period of operation for the Board works and to guarantee satisfactory water and sewage services to the municipality. In some instances the municipality has requested and the Board has agreed to operate water treatment plants on behalf of the municipality.

In June, 1984, the Manitoba Government introduced a new Grant Formula for The Manitoba Water Services Board which increased the level of provincial funding for most water and sewage works in the province. The new formula is summarized as follows:

1. The share of the capital cost of construction to be assumed by the municipality is set at:

a) for both water and sewage, the capitalized amount which 20 mills on the equalized assessment discounted at the current rate of borrowing (established each January) plus 50% of the balance of the project cost. Capital debts on existing utilities are taken into account in the calculation.

b) for sewer systems only, the capitalized amount which 8 mills on the equalized assessment discounted at the current rate of borrowing (established each January) plus 50% of the balance of the project cost.

c) for water systems only, the capitalized amount which 12 mills on the equalized assessment discounted at the current rate of borrowing (established each January) plus 50% of the balance of the project cost.

d) in no instance will the grant on the systems for communities with populations less than 300 be less than 30% of the project cost.

The provincial grant was increased from 50% to 60% of shareable costs for most northern communities which are north of the Northern Affairs boundary. However, since the costs in The Pas are not as great as those in most northerly communities the provincial grant was increased from 50% to 55%.

Where solid bedrock is encountered a special grant of 50% of the additional costs related to bedrock is available. The remaining 50% is included as part of the capital costs of the project, for purposes of calculating the communities' "front end" expenses and the provincial grant.

Summary of Services in 1985-86

Preliminary Investigations

The Board received 47 applications for assistance from individual municipalities during the year.

A total of 22 engineering feasibility studies were completed. On the basis of these and previously completed studies, the Board submitted 24 agreements (19 regular budget, 2 Agricultural Area Pipeline and 3 Community Water Source Development Program) for the construction of water and/or sewer facilities to municipalities. Amendments to existing agreements were submitted to three municipalities.

Nineteen agreements (16 regular budget, 1 Agricultural Area Pipeline and 2 Community Water Source Development Program) submitted during this and the previous year, as well as three amended agreements, were signed by March 31, 1986. Estimated costs for these agreements and the dates they were signed are given in the following table:

Construction Agreements Submitted and Signed

during April 1, 1985 to March 31, 1986

	Date Agreement Signed	Estimated Capital of Project
**Cartier (RM) (St. Eustache)	August 6, 1985	53,000
Coldwell (RM) (Lundar)	November 21, 1985	66,000
Coldwell (RM) (Lundar)	November 21, 1985	344,000
Grandview (Town)	September 19, 1985	20,000
*Halbstadt-Marais (Water Co-op) A-1	October 4, 1985	760,000
Hanover (RM) (Blumenort)	January 16, 1986	140,000
Harrison (RM) (Sandy Lake)	April 2, 1985	68,000
Montcalm (RM) (St. Jean Baptiste)	August 29, 1985	86,000
Mountain (L.G.D.) (Pine River)	October 31, 1985	196,000
Notre Dame de Lourdes (Village)	January 23, 1986	42,000
**Roland (RM) (Roland)	July 9, 1985	21,000
Selkirk (Town)	November 23, 1985	800,000
Snow Lake (Town)	February 22, 1985	2,200,000
**Stanley (RM) Morden South	December 4, 1985	41,000
Strathcona (RM) Belmont	July 9, 1985	32,000
Strathcona (RM) Belmont	November 14, 1985	157,000
Tache (RM) (Landmark)	February 4, 1985	708,000
Tache (RM) (Landmark) A-1	January 16, 1986	1,308,000
Winnipeg Beach (Town)	February 22, 1985	1,600,000
Winnipeg Beach (Town) A-1	October 4, 1985	3,245,000
Winnipegosis (Village)	September 19, 1985	42,000
Woodworth (RM) Kenton	August 20, 1985	20,800

* Agricultural Area Pipeline
** Community Water Source Development Program

Design and Construction 1985-86

Water and sewerage project design and construction resulted in a total expenditure of $9.813M, of which approximately $4.444M was contributed by the Province.

Under these provincially funded projects, approximately 320,000 cu. m of earth was moved in the construction of waste stabilization ponds, over 80,000 metres of sewers and 12,000 metres of watermains were installed. In addition, 300,000 litres of water storage capacity was constructed in the form of concrete reservoirs.

Also, five water treatment plants were upgraded and an existing sewage treatment plant expanded, utilizing the new technology that was used in the construction of a plant in Souris.

Projects Substantially Completed Under Regular Budget were:

		Project Costs	Provincial Grants
Belmont (2)	— Water Treatment Plant Upgrading	$ 23,921	$ 11,961
Belmont (3)	— New Well, Pump, Pipelines and Water Treatment Plant Upgrading	132,319	66,159
Elm Creek (2)	— Pipelines, Well, Tank Loading, Reverse Osmosis and Water Treatment Plant Upgrading	174,398	87,199
Grandview (5)	— Upgrading Sewer Works	7,943	1,507
Holland	— Water Treatment Plant Upgrading	17,898	8,949
St. Jean (5)	— Watermain Renewal	78,087	39,044
Killarney (2)	— Lift Station, Forcemain, Sewermains and Lagoon Upgrading	273,573	45,798
Pilot Mound (2)	— Water Treatment Plant Upgrading	224,855	112,427
Roblin	— Water Treatment Plant Expansion, Lagoon Relocation, Water and Sewer Extensions	1,139,763	418,435
Rossburn (3)	— Well Installation and Pumps	11,917	
Russell (2)	— Water Supply Works	1,160,631	580,315
Sandy Lake (6)	— Water and Sewer Main Renewals	52,148	18,718
Selkirk (2)	— Sewage Treatment Works	123,191	61,596

Projects Substantially Completed under the JOBS FUND Budget were:

		Project Costs	Provincial Grants
Blumenort (2)	— Waste Stabilization Pond Expansion, Lift Station and Forcemain	$ 493,447	$ 246,723
St. Claude (3)	— Water and Sewer Extensions	418,835	209,417
Flin Flon (3)	— Water and Sewer Main Renewals, Lift Station and Heating Plant Monitoring	1,728,113	864,056
St. Malo	— Waste Stabilization Pond Relocation, Lift Station and Forcemain	220,903	109,803

Projects Substantially Completed under the Agri-Water Program, for which interim financing was provided by the Board:

		Project Costs	Provincial Grants
Pine River	— Pumphouse and Pipeline	$ 173,865	$ 65,182
St. Georges	— Pumphouse and Pipeline	153,300	44,209
Roland	— Hydrants	21,910	6,573
St. Eustache	— Pumphouse and Pipeline	48,153	14,426
Gnadenthal	— Pumphouse and Pipeline	175,087	68,153
Maple Creek	— Pumphouse and Pipeline	199,393	38,167
Schoenweise	— Pipeline	77,125	18,787

Projects Under Design or Construction at Year End were:

Altona N.W.	— Pipeline
Altona West	— Reservoir
Blumenort (3)	— Low Pressure Sewers
Catfish Creek	— Pipeline
Fisher Branch	— Gravity Sewer System, Waste Stabilization Pond, Lift Stations
G.N.S.	— Pipeline
Halbstadt-Marais	— Pipeline
Hamiota (5)	— Water and Sewer Extension, Waste Stabilization Pond Expansion
Hamiota (6)	— Water Supply, Treatment Plant Upgrading
Holland (2)	— Water Main Renewals
Holland (3)	— Water Treatment Plant Upgrading
Kenton	— Water Treatment Plant Upgrading
Landerville Road	— Pipeline
Lundar (2)	— Sewer Main Extension, Lift Station
Lundar (3)	— Waste Stabilization Pond Expansion
Notre Dame de Lourdes	— Water Supply Upgrading
Oak River	— Water Mains
Old Altona	— Pipeline
Pine River	— Water Supply and Treatment
Red River Regional Water Supply System	— Water Supply and Treatment
Riverland Road	— Pipeline
Roblin (2)	— Water Treatment Plant Upgrading
St. Eustache	— Water Main, Pumphouse Upgrading
Ste. Rose du Lac (5)	— Waste Stabilization Pond Expansion
Selkirk (3)	— New Water Supply and Pipeline
Snow Lake (3)	— Sewage Treatment Plant and Lift Station
Stonewall (5)	— New Water Supply and Water Treatment Plant Upgrading
Winkler (4)	— Sewer Mains, Lift Station, Waste Stabilization Pond Relocation
Winkler (5)	— Water Supply Upgrading
Winnipeg Beach (3)	— Low Pressure Sewer System
Winnipegosis (1)	— Water and Sewer Extensions
Winnipegosis (2)	— Water Treatment Plant Upgrading

The Board operates forty-seven water treatment plants of which thirty-seven were constructed prior to 1972 by The Manitoba Water Supply Board now referred to as "previously constructed works". Of these, water rates for twenty-seven were at the subsidized level of $5.10 per 1,000 Imperial gallons effective April 1, 1986. Effective April 1, 1986 the new water rates were approved for Altona, Gretna and Rhineland as follows:

Altona, Gretna, Rhineland — to $3.00 per 1,000 Imperial gallons for the first 40.56 million gallons and $3.40 in excess of that quantity

Water rates remained unchanged at Reston, McCreary, Russell, Winkler, Rossburn, Ste. Rose du Lac, Somerset, St. Claude and Notre Dame de Lourdes.

Effective April 1, 1986 new water rates were approved for three newly constructed works.

Plum Coulee — to $7.70 per 1,000 Imperial gallons
Rapid City — to $3.55 per 1,000 Imperial gallons
Swan Lake — to $0.55 per cubic metre

Water rates remained unchanged at Birch River, Cranberry Portage, Elm Creek, Grunthal, Lac du Bonnet and Miami.

Operations and Maintenance

Plans for construction of the Red River Regional Water Supply System were finalized. P.F.R.A. designed and constructed the raw water intake works and water supply line from Letellier to Altona. Construction contracts were awarded for the water treatment plant at Letellier with construction to be completed by November, 1986. The Regional Water Supply System was expanded to supply potable water to three Water Co-operatives, Roseau River and Dominion City. Construction of the supply and distribution piping network is scheduled for construction in 1986 and 1987.

Plans for major upgrading of four "previously constructed" lime-soda ash plants were approved. Pilot Mound, Russell and Ste. Rose were completed under contract with a private consultant. Hamiota is scheduled to be completed by Board staff in 1986. These water plants were upgraded to meet an increasing demand for potable water.

A new water supply well and reverse osmosis (R.O.) unit was installed in Elm Creek by Board staff. The R.O. unit has improved the quality of potable water in Elm Creek.

To meet increasing water demands in the Village of Minitonas, the Board replaced four membranes in the reverse osmosis unit.

Distribution pumps were replaced at St. Claude, Elie and Belmont to meet the demands for increased pumping capacity.

The Board has entered into service agreements with the respective municipalities to provide operators for Board water treatment plants located at Ste. Rose du Lac, Birch River and Oak River.

ERRATA (this page)

2nd paragraph - should read:
Altona, Gretna, — to $3.70 per 1,000 Imperial

Last paragraph - end of line DELETE:
and Oak River.

Sale of Water

Town or Municipality	Consumption 1985-1986	Actual Cost of Production per 1,000 I.G.	April 1/86 Selling Price 1,000 I.G.	Type of Treatment
Altona[2]	79,119,000	3.70	3.70	A,B
R.M. of Argyle (Baldur)	6,177,800	5.27	5.10	B,C
Benito	7,605,000	5.44	5.10	C
R.M. of Blanshard (Oak River)	2,682,000	9.47	5.10	C
Bowsman	5,050,000	8.36	5.10	C
R.M. of Cartier (Elie)	8,497,000	6.99	5.10	C,D
Cartwright	6,629,000	5.49	5.10	C,D
L.D.G. of Consol (Cranberry Portage)	205,000	0.13 cu. m	0.13 cu. m	E
Deloraine[1]	19,899,000	5.47	5.10	A,B
Erickson	9,675,000	5.12	5.10	B,C,D
Ethelbert	6,091,000	6.14	5.10	C
R.M. of Franklin (Dominion City)	6,389,000	7.58	5.10	D
Gilbert Plains	11,185,000	6.96	5.10	A
Gretna[2]	10,420,880	3.70	3.70	A,B
R.M. of Grey[3]	446,000	4.15	4.15	NONE
R.M. of Grey (Elm Creek)	4,539,000	6.36	6.36	Reverse Osmosis
Hamiota	15,000,000	7.09	5.10	A,B
R.M. of Hanover (Grunthal)	18,320,000	0.72	1.20	E
R.M. of Harrison (Sandy Lake)	4,956,000	5.17	5.10	C
Lac du Bonnet	30,951,000	1.10	0.85	F
R.M. of Lorne (Swan Lake)	23,287	0.55 cu. m	0.55 cu. m	E
Manitou	16,480,000	5.47	5.10	A,B
McCreary	10,453,000	2.47	3.45	B,C
Minitonas	6,891,000	11.90	5.10	Reverse Osmosis
R.M. of Montcalm (Letellier)	6,608,000	9.37	5.10	A
R.M. of Montcalm (St. Jean Baptiste)	7,823,000	5.59	5.10	A
L.G.D. of Mountain (Birch River)	4,950,000	2.00	2.25	E
Notre Dame de Lourdes	14,345,000	1.16	1.30	E
Pilot Mound	13,563,000	7.14	5.10	A,B
R.M. of Pipestone (Reston)	12,013,000	2.06	3.15	B,C
Plum Coulee	9,495,000	7.70	7.70	A
Rapid City	5,107,000	3.70	3.55	C
R.M. of Rhineland[2]	6,821,000	3.70	3.70	A,B
R.M. of Ritchot (Ste. Agathe)	5,244,000	5.88	5.10	E
R.M. of Rosedale (Kelwood)	2,498,000	7.65	5.10	E
Rossburn	12,910,000	2.72	3.80	B,C,D
Russell	31,856,000	4.02	4.50	A
R.M. of Silver Creek (Angusville)	1,809,000	12.74	5.10	C
Somerset	10,311,000	2.37	3.00	E
Ste. Rose du Lac	23,117,000	3.68	4.10	A
St. Claude[3]	10,981,000	3.65	4.15	E
R.M. of Shellmouth (Inglis)	2,528,000	11.89	5.10	C
R.M. of Strathclair (Strathclair)	5,386,000	8.74	5.10	C,D
R.M. of Strathcona (Belmont)	4,426,200	5.84	5.10	C
R.M. of Thomson (Miami)	6,650,000	2.32	3.60	C
R.M. of Victoria (Holland)	7,922,000	5.09	5.10	C
R.M. of Winchester[4]	1,766,000		1.00	NONE
Winkler	136,589,000	2.30	2.80	A,B
Winnipegosis	11,341,000	6.86	5.10	A
R.M. of Woodworth (Kenton)	3,004,000	12.64	5.10	F

Altona, Gretna and Rhineland have a selling price of $3.70 per thousand Imperial gallons, however, when consumption for each reaches 40,560,000 Imperial gallons the selling price is reduced to $3.40 per thousand Imperial gallons. However, the only one affected is Altona which reaches 40,560,000 in July.

1. Water provided by the same treatment plant.
2. Water provided from the same water source.
3. Water provided from same water treatment plant.
4. Untreated water delivered directly from water source.

Type of Treatment:

A — Lime soda softening
B — Fluoridation
C — Iron and/or manganese removal
D — Zeolite Softening
E — Chlorination
F — Coagulation, sedimentation

Manitoba

The Manitoba Water Services Board
Report of the Provincial Auditor's Office

We have examined the financial statements, being Exhibits A, B, C, D and E, and Schedules 1 to 3, of The Manitoba Water Services Board for the fiscal year ended March 31, 1986. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of The Manitoba Water Services Board as at March 31, 1986 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting policies stated in note 1 to the financial statements applied on a basis consistent with that of the preceding year.

F.H. Jackson, C.A.,
Provincial Auditor

September 30, 1986,
Winnipeg, Manitoba

The Manitoba Water Services Board

Balance Sheet

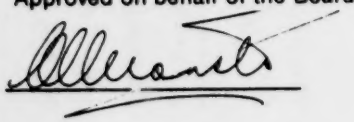
as at March 31, 1986

Exhibit A

Assets	1986	1985
Current assets:		
Cash on hand and on deposit with the Minister of Finance	$ 616,411	$ 375,434
Accounts receivable	2,476,547	530,444
Grants receivable from the Government of the Province of Manitoba — subsidization of construction costs	144,443	161,699
Accrued interest	685,370	785,337
Prepaid expenses	36,461	190,157
	3,959,232	2,043,071
Debentures receivable from municipalities, Schedule 1 (Note 3)	14,786,631	17,928,170
Construction in progress recoverable from municipalities and the Government of the Province of Manitoba (Note 2)	2,140,026	1,307,070
Fixed assets: (Notes 1(e) and 4)		
Works, at cost		
Land and easements	80,977	80,977
Buildings and equipment	5,579,767	5,579,767
	5,660,744	5,660,744
Less accumulated depreciation	3,780,368	3,642,864
	1,880,376	2,017,880
Accumulated excess of operating expenditures over revenues, recoverable, Exhibit C, (Notes 1(b) and 5)	1,903,581	2,670,900
Amortized interest recoverable	29,722	96,237
	$24,699,568	$26,063,328

Liabilities	1986	1985
Current liabilities:		
Accounts payable and accrued charges	$ 914,656	$ 1,018,921
Capital debt, Schedule 2: (Note 3)		
Advances from the Government of the Province of Manitoba	16,697,331	17,657,556
Debentures — Canada Mortgage and Housing Corporation	2,516,931	2,631,144
Bonds	5,977,000	5,977,000
	25,191,262	26,265,700
Less sinking fund: (Note 1(F))		
Cash on deposit with the Minister of Finance	1,272,986	144,022
Investments, at cost, Schedule 3	204,177	1,218,857
	1,477,163	1,362,879
	23,714,099	24,902,821
Interest adjustment fund account Exhibit D, (Notes 1(c) and 7)	70,813	141,586
	$24,699,568	$26,063,328

Approved on behalf of the Board:



The Manitoba Water Services Board **Exhibit B**

Statement of Operating Revenues and Expenditures

for the year ended March 31, 1986

	1986	1985
Revenues:		
Sale of water	$2,383,510	$2,238,551
Interest:		
Municipalities	2,074,816	1,972,068
Sinking funds and funds on deposit (Note 1(f))	155,997	204,062
Grant from the Government of the Province of Manitoba — subsidization of water rates (Note 5)	385,805	549,403
— Other	—	60,660
	5,000,128	5,024,744
Expenditures:		
Interest:		
Advances	2,154,787	2,030,307
Bonds and debentures	633,718	643,620
Audit and other fees	10,054	11,603
Chemicals	381,589	401,223
Depreciation	137,504	153,882
Salaries and benefits	663,013	680,488
Heat, telephone, light and power	267,341	274,288
Repairs and maintenance	122,913	111,845
Water purchased for resale	194,846	192,816
	4,565,765	4,500,072
Interest applied to construction	(277,980)	(237,231)
Interest applied to interest adjustment fund account, Exhibit D	(70,773)	(35,753)
	4,217,012	4,227,088
Excess of operating revenues over expenditures, Exhibit C	$ 783,116	$ 797,656

The Manitoba Water Services Board **Exhibit C**

Statement of Accumulated Excess of Operating Expenditures over Revenues, Recoverable (Notes 1(b) and 5)

for the year ended March 31, 1986

	1986	1985
Balance, beginning of year	$2,670,900	$3,468,556
Add: Refund of excess revenues over operating expenditures	15,797	—
Deduct: Excess of operating revenues over expenditures, Exhibit B	783,116	797,656
Balance, end of year, Exhibit A	$1,903,581	$2,670,900

The Manitoba Water Services Board **Exhibit D**

Statement of Interest Adjustment Fund Account (Notes 1(c) and 7)

for the year ended March 31, 1986

	1986	1985
Balance, beginning of year	$141,586	$177,339
Interest applied — Statement of Operating Revenues and Expenditures, Exhibit B	(70,773)	(35,753)
Balance, end of year, Exhibit A	$ 70,813	$141,586

The Manitoba Water Services Board **Exhibit E**

Statement of Changes in Financial Position

for the year ended March 31, 1986

	1986	1985
Source of Funds:		
From operations:		
Excess of operating revenues over expenditures, Exhibit B	$ 783,116	$ 797,656
Add non-cash transactions:		
Depreciation	137,504	153,882
Amortization of sinking fund bond discount — net	66,515	(32,256)
	987,135	919,282
The Government of the Province of Manitoba		
Grants — subsidization of construction costs	4,444,364	2,617,180
Municipalities:		
Debenture principal repayments	3,141,539	476,300
Construction expenditure recoveries	4,545,162	1,482,954
	13,118,200	5,495,716
Application of Funds:		
Construction of facilities for municipalities	9,813,107	6,198,611
The Government of the Province of Manitoba		
Advances — net	960,225	(503,928)
The Government of Canada		
Construction expenditure refunds (recoveries)	9,375	(2,224)
Canada Mortgage and Housing Corporation		
Debenture principal repayments	114,213	104,204
Applied to interest adjustment fund account	70,773	35,753
Purchase of fixed assets	—	865
Refund of excess revenues over operating expenditures	15,797	—
Sinking fund payments — net	114,284	109,890
	11,097,774	5,943,171
Increase (Decrease) in working capital	2,020,426	(447,455)
Working capital, beginning of year	1,024,150	1,471,605
Working capital, end of year	$3,044,576	$1,024,150
Current assets, Exhibit A	$3,959,232	$2,043,071
Current liabilities, Exhibit A	914,656	1,018,921
Working capital	$3,044,576	$1,024,150

Schedule of Debentures Receivable from Municipalities

as at March 31, 1986

Municipality	No. of Debentures	Term	Interest Rates %	Balance
Village of Arborg	4	October 31, 1986-1998	9.25-11.25	$ 148,350
Village of Benito	1	October 31, 1986-1998	9.8	9,584
Village of Binscarth	1	October 31, 1986-1998	11.25	32,916
Village of Binscarth	1	December 31, 1986-2004	12.75	4,354
Rural Municipality of Birtle	2	October 31, 1986-2000	11.25-13.75	143,711
Town of Birtle	2	December 31, 1986-2003	12.625-13.125	247,365
Town of Carman	3	October 31, 1986-1999	9.0-11.25	196,055
Rural Municipality of Cartier	1	October 31, 1986-1995	10.95	115,233
Village of Cartwright	1	December 31, 1986-2004	12.75	21,142
Rural Municipality of Coldwell	2	October 31, 1986-1996	9.8-10.95	123,092
Local Government District of Consol	1	October 31, 1986-1996	9.8	50,874
Town of Dauphin	2	October 31, 1986-1996	9.8-10.95	397,332
Town of Deloraine	2	October 31, 1986-1999	9.8-11.25	22,801
Rural Municipality of De Salaberry	2	December 31, 1986-2004	12.625-12.75	85,866
Rural Municipality of East St. Paul	3	October 31, 1986-1997	9.0-10.95	134,671
Town of Emerson	2	October 31, 1986-1998	9.8-11.25	31,938
Village of Erickson	1	October 31, 1986-1994	9.25	5,294
Rural Municipality of Eriksdale	1	October 31, 1986-1996	9.8	6,361
Village of Ethelbert	1	October 31, 1986-1989	11.25	5,587
City of Flin Flon	5	December 31, 1986-2004	12.625-12.75	1,628,275
Village of Gilbert Plains	2	October 31, 1986-1995	9.25-10.95	85,735
Town of Gimli	1	October 31, 1986-2000	13.75	89,060
Village of Glenboro	1	December 31, 1986-2002	13.125	99,883
Town of Grandview	4	October 31, 1986-1999	9.0-11.25	90,867
Town of Grandview	1	December 31, 1986-2002	13.125	58,581
Village of Gretna	3	October 31, 1986-1995	9.8-11.25	23,360
Rural Municipality of Grey	2	October 31, 1986-2000	11.25-13.75	355,779
Rural Municipality of Hanover	7	October 31, 1986-1999	9.0-11.25	367,515
Rural Municipality of Hanover	2	December 31, 1986-2004	12.75	168,403
Town of Hartney	1	December 31, 1986-1988	6.645	63,614
Town of Killarney	1	December 31, 1986-2004	12.75	32,325
Village of Lac du Bonnet	1	October 31, 1986-1997	9.50	238,823
Rural Municipality of Lorne	4	October 31, 1986-2000	9.8-13.75	300,849
Rural Municipality of Macdonald	4	October 31, 1986-1999	9.0-11.25	86,816
Village of Manitou	2	October 31, 1986-1998	9.0-11.25	78,018
Village of McCreary	3	October 31, 1986-1998	9.8-11.25	25,179
Town of Minnedosa	3	October 31, 1986-1999	9.8-11.25	31,817
Rural Municipality of Miniota	1	October 31, 1986-1996	9.8	12,485
Village of Minitonas	1	October 31, 1986-1999	11.25	83,372
Rural Municipality of Montcalm	1	December 31, 1986-1998	12.625	60,041
Town of Morris	2	October 31, 1986-1998	9.0-9.8	140,802
Town of Morris	2	December 31, 1986-2004	12.75-13.125	101,450
Local Government District of Mountain	2	October 31, 1986-1997	9.0-9.8	118,605
Town of Neepawa	1	October 31, 1986-1998	9.8	18,626
Rural Municipality of North Norfolk	3	October 31, 1986-1996	9.25-10.95	98,223
Village of Notre Dame de Lourdes	3	October 31, 1986-1995	9.25-10.95	55,691
Carried forward	96			$6,296,720

Schedule of Debentures Receivable from Municipalities

as at March 31, 1986

Municipality	No. of Debentures	Term	Interest Rates %	Balance
Brought forward	96			$ 6,296,720
Rural Municipality of Ochre River	2	December 31, 1986-2002	12.625-13.125	29,056
Rural Municipality of Pembina	1	October 31, 1986-1989	11.25	5,875
Rural Municipality of Pipestone	2	October 31, 1986-2000	11.25-13.75	44,541
Village of Plum Coulee	3	October 31, 1986-1999	9.0-11.25	245,808
City of Portage la Prairie	6	October 31, 1986-2000	9.0-13.75	1,681,358
City of Portage la Prairie	1	December 31, 1986-2002	13.125	65,889
Rural Municipality of Portage la Prairie	2	October 31, 1986-1995	9.25-10.95	92,277
Town of Rapid City	1	October 31, 1986-1998	9.8	12,044
Rural Municipality of Ritchot	6	October 31, 1986-2000	9.8-13.75	111,221
Rural Municipality of Ritchot	2	December 31, 1986-2004	12.625-12.75	130,152
Rural Municipality of Riverside	2	October 31, 1986-2000	11.25-13.75	159,216
Village of Riverton	4	October 31, 1986-1998	9.0-10.95	196,173
Village of Riverton	1	December 31, 1986-2002	13.125	17,280
Town of Roblin	2	October 31, 1986-2000	11.25-13.75	280,642
Village of Rossburn	5	October 31, 1986-2000	9.0-13.75	77,176
Town of Russell	1	December 31, 1986-2004	12.75	350,940
Village of Ste. Anne	2	October 31, 1986-1996	9.8-11.25	57,120
Village of St. Claude	3	October 31, 1986-1998	9.8-10.95	47,683
Village of St. Claude	1	December 31, 1986-1999	12.75	15,320
Village of Ste. Rose du Lac	4	October 31, 1986-1997	9.0-10.95	62,970
Village of Ste. Rose du Lac	1	December 31, 1986-2004	12.75	68,122
Town of Selkirk	6	October 31, 1986-2000	9.0-13.75	1,162,623
Village of Shoal Lake	1	October 31, 1986-2000	13.75	157,837
Rural Municipality of Siglunes	1	December 31, 1986-2001	13.125	7,107
Village of Somerset	2	December 31, 1986-2003	12.625-13.125	77,623
Town of Souris	3	October 31, 1986-1998	9.0-9.8	458,824
Town of Souris	1	December 31, 1986-2000	12.75	16.204
Town of Steinbach	3	October 31, 1986-1997	9.0-10.95	78,090
Town of Stonewall	2	October 31, 1986-2006	9.8-10.95	867,641
Rural Municipality of Strathclair	1	October 31, 1986-1988	9.8	19,042
Rural Municipality of Strathcona	2	October 31, 1986-2000	11.25-13.75	42,356
Local Government District of Stuartburn	3	October 31, 1986-2000	9.8-13.75	157,809
Town of Swan River	3	October 31, 1986-1997	9.0-10.95	491,605
Rural Municipality of Tache	3	October 31, 1986-1998	9.0-10.95	25,246
Village of Teulon	1	October 31, 1986-2006	8.0	344,512
Rural Municipality of Thompson	1	October 31, 1986-1996	9.8	124,958
Village of Treherne	2	October 31, 1986-1996	9.8-11.25	135,077
Town of Virden	3	October 31, 1986-1998	9.8-13.75	338,792
Town of Virden	1	December 31, 1986-1998	13.125	17,089
Community of Wabowden (Note 6)	1	August 1, 1986-1995	9.0	188,965
Village of Waskada	1	October 31, 1986-1988	9.25	824
Village of Wawanesa	1	October 31, 1986-1999	11.25	2,601
Town of Winkler	1	October 31, 1986-1996	9.8	19.870
Town of Winnipeg Beach	1	October 31, 1986-1999	11.25	4,353
	192			$14,786,631

Schedule of Capital Debt

as at March 31, 1986

	1986	1985
Advances from the Government of the Province of Manitoba:		
9% payable annually October 31, 1986-1997	$1,577,184	$1,649,026
9.8% payable annually October 31, 1986-1998	1,760,846	1,827,115
11.25% payable annually October 31, 1986-1999	1,778,818	1,830,982
9.25% payable annually March 31, 1987-2004	1,207,765	1,305,071
9.8% payable annually October 31, 1986-2006	1,359,884	1,419,823
9.4% payable annually October 31, 1986-2007	39,192	39,733
13.75% payable annually October 31, 1986-2000	2,219,932	3,491,085
13.125% payable annually December 31, 1986-2002	605,796	1,099,163
12.625% payable annually December 31, 1986-2003	1,222,494	2,306,145
12.75% payable annually December 31, 1986-2004	1,474,176	—
Other — payable on demand at bank prime	3,451,244	2,689,413
	16,697,331	17,657,556
Canada Mortgage and Housing Corporation Debentures:		
7.875% payable annually August 1, 1986-1994	65,172	69,997
8% payable annually December 1, 1986-1995	49,437	52,569
8% payable annually January 1, 1987-1996	29,846	31,736
8% payable annually January 1, 1987-1996	38,225	40,647
8% payable annually February 1, 1987-1996	40,613	43,185
10% payable annually February 1, 1987-1996	76,623	80,932
10.375% payable annually January 1, 1987-1996	99,503	104,974
10.375% payable annually January 1, 1987-1996	21,939	23,145
10.375% payable annually February 1, 1987-1996	72,973	76,985
10.375% payable annually February 1, 1987-1996	47,850	50,481
10.375% payable annually February 1, 1987-1996	55,914	58,989
10.375% payable annually February 1, 1987-1996	113,787	120,043
10.375% payable annually December 1, 1986-1996	112,467	117,764
10.75% payable annually August 1, 1986-1996	52,248	54,649
10.75% payable annually December 1, 1986-1996	31,648	33,102
10.75% payable annually December 1, 1986-1996	14,438	15,102
8% payable annually April 1, 1987-1997	11,918	12,574
8% payable annually July 1, 1986-1997	689,210	722,471
10% payable annually July 1, 1986-1997	27,272	28,412
10% payable annually July 1, 1986-1997	19,002	19,796
10.375% payable annually April 1, 1986-1997	111,727	116,989
10.375% payable annually April 1, 1986-1997	99,027	103,691
10.75% payable annually July 1, 1986-1997	142,306	147,935
9.625% payable annually February 1, 1987-1998	64,395	67,160
11% payable annually November 1, 1986-2002	429,391	437,816
	2,516,931	2,631,144
Bonds:		
Canada Pension Plan Investment Fund, subject to prior redemption, guaranteed as to principal and interest by the Government of the Province of Manitoba:		
5.42% bonds due April 1, 1986	2,954,000	2,954,000
7.26% bonds due June 2, 1989	3,023,000	3,023,000
	5,977,000	5,977,000
	$25,191,262	$26,265,700

The Manitoba Water Services Board **Schedule 3**

Schedule of Sinking Fund Investments

as at March 31, 1986

	Interest Rate %	Maturity Date	Par Value	Cost
Debentures:				
Manitoba Hydro Electric Board	6.25	October 1, 1986	$ 4,000	$ 3,516
Manitoba Hydro Electric Board	6.25	February 1, 1989	26,000	20,490
Manitoba Hydro Electric Board	7.0	November 15, 1987	10,000	8,370
Manitoba Telephone System	5.5	December 2, 1986	30,000	25,839
Manitoba Telephone System	6.25	December 1, 1991	52,000	36,612
Manitoba Telephone System	7.0	February 15, 1993	158,000	109,350
			$280,000	$204,177

The Manitoba Water Services Board

Notes to Financial Statements

for the year ended March 31, 1986

1. **Significant Accounting Policies**

   (a) **Basis of Accounting**

   The Board's financial statements have been prepared using the accrual basis of accounting except that, in accordance with the procedures followed by the Government of the Province of Mnaitoba, the Board's disbursement account was held open until April 18, 1986 for the payment of accounts for expenditures incurred during the fiscal year ended March 31, 1986.

   (b) **Accumulated excess of operating expenditures over revenues, recoverable**

   The accumulated excess of operating expenditures over revenues, recoverable, shown on the balance sheet pertains to plants operated under the following terms:

   (A) Plants owned and operated by the Board with cost recovery over a 35 year life. These plants were constructed prior to 1972 under The Manitoba Water Supply Board Act. The Act was amended in 1972 and became known as The Manitoba Water Services Board Act with no further additions under this program. The amended Act provides for grants for rate stabilization by the Government of the Province of Manitoba.

   (B) The plants operated by the Board under agreements with municipalities which were constructed since 1972 under The Manitoba Water Services Board Act.

   All operating deficits of plants operated by the Board are recoverable from the municipalities.

   (c) **Interest Adjustment Fund Account**

   The Board maintains a separate fund account balance for interest adjustments.

   (d) **Administration costs**

   The costs related to the administration and general operation of the Board are paid out of an appropriation of the Department of Agriculture. These expenses are not reflected in the financial statements.

   (e) **Depreciation policy**

   The Board provides depreciation on a straight line basis for its fixed assets over an 18 year term for equipment and a 35 year term for buildings.

   (f) **Sinking fund**

   The sinking fund is maintained in accordance with the requirements of The Manitoba Water Services Board Act which prescribes that the Board pay a minimum annual instalment to the Minister of Finance of the Government of the Province of Manitoba of not less than 1% of the principal amount of the outstanding capital indebtedness on the preceding March 31, together with 4% of the balance in the sinking fund at that date.

   Income earned on sinking fund investments is remitted to the Board and is included with interest revenue for the year.

The Manitoba Water Services Board

Notes to Financial Statements

for the year ended March 31, 1986

2. **Construction in progress Recoverable from Municipalities and the Government of the Province of Manitoba**

The transactions in this account were as follows:

	March 31	
	1986	**1985**
Balance at beginning of year	$1,307,070	$ 848,983
Construction during the year, Exhibit E	9,813,107	6,198,611
	11,120,177	7,047,594
Recoveries during the year		
Municipalities:		
Cash payments received, Exhibit E	4,545,162	1,482,954
Debentures received	—	1,638,166
	4,545,162	3,121,120
The Government of the Province of Manitoba, Exhibit E		
Grants — subsidization of construction costs	4,444,364	2,617,180
The Government of Canada, Exhibit E		
Construction expenditure (refunds) recoveries	(9,375)	2,224
	8,980,151	5,740,524
Balance at end of year, Exhibit A	$2,140,026	$1,307,070

3. **Debentures Receivable From Municipalities**

The Board obtained capital debt financing at fixed interest rates from the Government of the Province of Manitoba and Canada Mortgage and Housing Corporation. In turn, the Board received cash payments or obtained debentures from municipalities for the municipal share of capitalized costs for plant construction. The debentures were issued to municipalities in amounts and at fixed interest rates sufficient to discharge the municipalities' share of the corresponding capital debt financing.

Effective with the year ended March 31, 1986, the Board received cash in full settlement of capital work undertaken for municipalities.

4. **Fixed Assets**

The following is the summary of the Board's fixed assets:

	1986	1985
Land and easements	$ 80,977	$ 80,977
Buildings	4,267,942	4,267,942
Less accumulated depreciation	2,506,721	2,382,747
	1,761,221	1,885,195
Equipment	1,311,825	1,311,825
Less accumulated depreciation	1,273,647	1,260,117
	38,178	51,708
	$1,880,376	$2,017,880

5. **Accumulated Excess of Operating Expenditures Over Revenue (Note 1(b)**

Concerning plants operated under A only:

The Manitoba Water Services Board Act requires the Board to fix rates for each plant to recover costs pertaining to the services supplied taking into account grants for rate stabilization provided by the Government of the Province of Manitoba to those plants constructed under The Manitoba Water Supply Board Act. The rates set by the Board and approved by the Province are in accordance with tables maintained by the Board which indicate a return of full capital costs and operating deficits based on a 35 year operating life. For the year ended March 31, 1986 rate stabilization grants totalling $385,805 were paid in respect of the operations of 24 of the plants constructed under The Manitoba Water Supply Board Act (1985 — $549,403, respecting 28 plants).

5. **Accumulated Excess of Operating Expenditures Over Revenue** (continued)

	March 31			
	No.	1986 Amount	No.	1985 Amount
Plants operated under A — owned and operated by the Board:				
Plants with an accumulated excess of operating expenditures over revenues, recoverable	33	$2,061,020	34	$2,754,066
Plants with an accumulated excess of operating revenues over expenditures	4	(94,419)	3	(56,622)
	37	1,966,601	37	2,697,444
Plants operated under B — operated by the Board for municipalities:				
Plants with an accumulated excess of operating expenditures over revenues, recoverable	3	10,294	4	33,781
Plants with an accumulated excess of operating revenues over expenditures	6	(73,314)	6	(60,325)
	9	(63,020)	10	(26,544)
Totals under A and B	46	$1,903,581	47	$2,670,900

6. **Agreement, Community of Wabowden**

Because of the legal status of the Community of Wabowden, the Board has entered into an agreement, in lieu of a debenture, with the Minister of the Department of Northern Affairs who is acting on behalf of the Community. The agreement provides for the recovery of the capitalized costs and interest in accordance with a repayment schedule over a twenty year period ending August 1, 1995.

7. **Interest Adjustment Fund Account**

The Board charges interest on advances to construction projects and water treatment plants operated by the Board. The policy is to charge interest at a rate which reflects the cost of borrowing by the Board. The difference between interest charged and the cost of borrowing is accumulated in the Interest Adjustment Fund Account. The Board, from time to time, adjusts interest rates to maintain a reasonable balance in the Interest Adjustment Fund Account.

8. **Capital Authority**

The Legislature has authorized the borrowing and expending of monies for municipal sewer and water systems. The unexpended amounts as at March 31, 1986 are as follows:

Legislative Authority	Unexpended balance as at March 31, 1986
The Loan Act 1983	$ 1,400,000
The Loan Act 1984	7,000,000
The Loan Act 1985	8,500,000
	$16,900,000

9. **Commitments**

The Board has signed agreements and offers for the construction of sewer and water systems for municipalities which amount to $16,455,000 as at March 31, 1986 (1985 — $16,086,000). Of this amount $8,053,000 (1985 — $7,329,000) is expected to be funded by the Government of the Province of Manitoba grants for the subsidization of construction costs with the balance of $8,402,000 (1985 — $8,757,000) to be funded from the Board's Capital Authority (Note 8) which will be repayable by municipalities through cash payment (Note 3).

10. **Litigation**

The Board is involved in a civil suit with regard to one of its sewer projects. As a result of the Board's claim for damages a counter suit has been filed by one of the contractors claiming damages from the Board totalling $199,000. There has been no provision in the financial statements for the claim or counter suit.